

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* RICHFIELD	County* GENESEE	Type* TOWNSHIP	MuniCode* 25-1-160
Opinion Date-Use Calendar* 8-15-08	Audit Submitted-Use Calendar* 11-7-08	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? _____
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report? _____

General Fund Revenue:	<input type="checkbox"/> ? \$ 2,058,404.71
General Fund Expenditure:	<input type="checkbox"/> ? \$ 1,912,578.24
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 2,585,979.77
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 457,212.76

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* MARK	Last Name* CAMPBELL	Ten Digit License Number* 1101007803		
CPA Street Address* 512 N LINCOLN, STE 100	City* BAY CITY	State* MI	Zip Code* 48708	Telephone* +1 (989) 894-1040
CPA Firm Name* CAMPBELL, KUSTERER	Unit's Street Address* 5381 N. STATE ROAD	Unit's City* DAVISON	Unit's Zip* 48423	

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 15, 2008

To the Township Board
Township of Richfield
Genesee County, Michigan

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of the Township of Richfield, Genesee County, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Richfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the Township of Richfield, Genesee County, Michigan, as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America..

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the general Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2008

The Management's Discussion and Analysis report of the Township of Richfield covers the Township's financial performance during the year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2008 totaled \$3,316,653.02 for governmental activities and \$6,782,286.00 for business-type activities. Overall total capital assets remained approximately the same.

Overall revenues were \$2,391,318.30 from governmental activities and \$1,166,082.17 from business-type activities. Governmental activities had a \$162,614.41 increase in net assets. Business-type activities had an increase in net assets of \$335,174.54.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, the Garbage Fund, the Street Lighting Fund, the Sewer Fund, the Water Fund, the Current Tax Collection Fund, the Agency Fund, the Pension Trust Fund, and the Retirement Health Care Trust Fund.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS- ENTITY-WIDE
FINANCIAL INFORMATION – CONDENSED FINANCIAL INFORMATION
June 30, 2008

	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Current Assets	2 846 839 54	2 279 841 43	5 126 680 97
Non-Current Assets	-	233 100 00	233 100 00
Capital Assets	<u>1 103 470 54</u>	<u>4 578 704 36</u>	<u>5 682 174 90</u>
Total Assets	<u>3 950 310 08</u>	<u>7 091 645 79</u>	<u>11 041 955 87</u>
Current Liabilities	216 646 37	109 359 79	326 006 16
Non-current Liabilities	<u>417 010 69</u>	<u>200 000 00</u>	<u>617 010 69</u>
Total Liabilities	<u>633 657 06</u>	<u>309 359 79</u>	<u>943 016 85</u>
Net Assets:			
Invested in Capital Assets	646 257 78	4 353 704 36	4 999 962 14
Restricted	50 127 29	-	50 127 29
Unrestricted	<u>2 620 267 95</u>	<u>2 428 581 64</u>	<u>5 048 849 59</u>
Total Net Assets	<u>3 316 653 02</u>	<u>6 782 286 00</u>	<u>10 098 939 02</u>

	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Program Revenues:			
Fees and Charges for Services	1 229 022 83	758 154 17	1 987 177 00
Operating Grants and Contributions	3 117 00	-	3 117 00
General Revenues:			
Property Taxes	432 765 01	-	432 765 01
State Revenue Sharing	570 610 58	-	570 610 58
Tap In Fees	-	323 300 00	323 300 00
Interest	122 199 37	84 628 20	206 827 57
Miscellaneous	<u>33 603 51</u>	<u>-</u>	<u>33 603 51</u>
Total Revenues	<u>2 391 318 30</u>	<u>1 166 082 37</u>	<u>3 557 400 67</u>
Program Expenses:			
Legislative	118 445 66	-	118 445 66
General Government	279 445 73	-	279 445 73
Public Safety	1 275 618 85	-	1 275 618 85
Public Works	511 054 32	-	511 054 32
Culture and Recreation	18 513 57	-	18 513 57
Interest on Long-Term Debt	25 625 76	-	25 625 76
Water and Sewer	<u>-</u>	<u>830 907 83</u>	<u>830 907 83</u>
Total Expenses	<u>2 228 703 89</u>	<u>830 907 83</u>	<u>3 059 611 72</u>
Increase (Decrease) in Net Assets	162 614 41	335 174 54	497 788 95
Net Assets, July 1	<u>3 154 038 61</u>	<u>6 447 111 46</u>	<u>9 601 150 07</u>
Net Assets, June 30	<u>3 316 653 02</u>	<u>6 782 286 00</u>	<u>10 098 939 02</u>

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board may also create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, the Garbage Fund, and the Street Lighting Fund.

Business Type Funds: The Township has a Water Fund and a Sewer Fund which includes the activity of providing water and sewer to Township residents.

Fiduciary Funds: The Township has two agency funds which are the Current Tax Collection Fund and the Agency Fund. The Township has two trust funds which are the Pension Trust Fund and the Retirement Health Care Trust Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund had an increase in fund balance of \$145,826.47. The Garbage Fund had an increase in fund balance of \$11,318.95. The Street Lighting Fund had an increase in fund balance of \$872.02.

The Water Fund had an increase in net assets of \$9,363.54 and the Sewer Fund had an increase in net assets of \$325,811.00.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$55,913.36 in capital assets.

The Township's business-type activities invested \$0 in capital assets.

The Township's governmental activities paid \$30,401.24 of principal on long-term debt.

The Township's business-type activities paid \$25,000.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at 5381 North State Road, Davison, Michigan 48423.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash on hand	800 00	-	800 00
Cash in bank	1 568 609 72	1 600 426 58	3 169 036 30
Investments	1 036 856 33	548 799 41	1 585 655 74
Taxes receivable	2 579 04	-	2 579 04
Accounts receivable	7 770 01	70 325 79	78 095 80
Tap in contracts receivable	-	63 198 41	63 198 41
Due from State of Michigan	177 053 00	-	177 053 00
Prepaid expenses	50 262 68	-	50 262 68
Internal balances	2 908 76	(2 908 76)	-
Total Current Assets	<u>2 846 839 54</u>	<u>2 279 841 43</u>	<u>5 126 680 97</u>
NON-CURRENT ASSETS:			
Tap in contracts receivable	-	233 100 00	233 100 00
Total Non-current Assets	-	233 100 00	233 100 00
CAPITAL ASSETS:			
Capital assets	1 710 058 36	5 814 745 73	7 524 804 09
Less: Accumulated Depreciation	(606 587 82)	(1 236 041 37)	(1 842 629 19)
Total Capital Assets	<u>1 103 470 54</u>	<u>4 578 704 36</u>	<u>5 682 174 90</u>
TOTAL ASSETS	<u><u>3 950 310 08</u></u>	<u><u>7 091 645 79</u></u>	<u><u>11 041 955 87</u></u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	132 837 67	84 359 79	217 197 46
Accrued liabilities	39 694 42	-	39 694 42
Due to other funds	3 912 21	-	3 912 21
Current portion of long-term debt	40 202 07	25 000 00	65 202 07
Total Current Liabilities	<u>216 646 37</u>	<u>109 359 79</u>	<u>326 006 16</u>
NON-CURRENT LIABILITIES:			
Note payable	457 212 76	-	457 212 76
Bonds payable	-	225 000 00	225 000 00
Less current portion	(40 202 07)	(25 000 00)	(65 202 07)
Total Non-current Liabilities	<u>417 010 69</u>	<u>200 000 00</u>	<u>617 010 69</u>
Total Liabilities	<u>633 657 06</u>	<u>309 359 79</u>	<u>943 016 85</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	646 257 78	4 353 704 36	4 999 962 14
Restricted	50 127 29	-	50 127 29
Unrestricted	2 620 267 95	2 428 581 64	5 048 849 59
Total Net Assets	<u>3 316 653 02</u>	<u>6 782 286 00</u>	<u>10 098 939 02</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>3 950 310 08</u></u>	<u><u>7 091 645 79</u></u>	<u><u>11 041 955 87</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2008

		Program Revenue		Governmental Activities
				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	118 445 66	-	-	(118 445 66)
General government	279 445 73	196 741 35	3 117 00	(79 587 38)
Public safety	1 275 618 85	700 421 90	-	(575 196 95)
Public works	511 054 32	331 859 58	-	(179 194 74)
Culture and recreation	18 513 57	-	-	(18 513 57)
Interest on long-term debt	25 625 76	-	-	(25 625 76)
Total Governmental Activities	2 228 703 89	1 229 022 83	3 117 00	(996 564 06)
Business -Type Activities:				
Water and Sewer	830 907 83	758 154 17	-	-
Total Business-Type Activities	830 907 83	758 154 17	-	-
Total Government	3 059 611 72	1 987 177 00	3 117 00	(996 564 06)
General Revenues:				
Property taxes				432 765 01
State revenue sharing				570 610 58
Tap in fees				-
Interest				122 199 37
Miscellaneous				33 603 51
Total General Revenues				1 159 178 47
Change in net assets				162 614 41
Net assets, beginning of year				3 154 038 61
Net Assets, End of Year				3 316 653 02

The accompanying notes are an integral part of these financial statements.

Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
-	(118 445 66)
-	(79 587 38)
-	(575 196 95)
-	(179 194 74)
-	(18 513 57)
-	(25 625 76)
-	(996 564 06)
(72 753 66)	(72 753 66)
(72 753 66)	(72 753 66)
(72 753 66)	(1 069 317 72)
-	432 765 01
-	570 610 58
323 300 00	323 300 00
84 628 20	206 827 57
-	33 603 51
407 928 20	1 567 106 67
335 174 54	497 788 95
6 447 111 46	9 601 150 07
6 782 286 00	10 098 939 02

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2008

	<u>General</u>	<u>Garbage</u>	<u>Other Street Lighting</u>	<u>Total</u>
<u>Assets</u>				
Cash on hand	800 00	-	-	800 00
Cash in bank	1 568 609 72	-	-	1 568 609 72
Investments	1 013 102 46	-	-	1 013 102 46
Taxes receivable	2 579 04	-	-	2 579 04
Accounts receivable	7 770 01	-	-	7 770 01
Due from State of Michigan	177 053 00	-	-	177 053 00
Due from other funds	900 157 88	79 122 83	5 292 64	984 573 35
Prepaid expenses	<u>50 262 68</u>	<u>-</u>	<u>-</u>	<u>50 262 68</u>
Total Assets	<u>3 720 334 79</u>	<u>79 122 83</u>	<u>5 292 64</u>	<u>3 804 750 26</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	132 837 67	-	-	132 837 67
Accrued liabilities	39 694 42	-	-	39 694 42
Due to other funds	<u>961 822 93</u>	<u>-</u>	<u>-</u>	<u>961 822 93</u>
Total liabilities	<u>1 134 355 02</u>	<u>-</u>	<u>-</u>	<u>1 134 355 02</u>
Fund equity:				
Fund balances:				
Reserved for metro act	42 619 58	-	-	42 619 58
Reserved for drug forfeiture	7 507 71	-	-	7 507 71
Unreserved:				
Undesignated	<u>2 535 852 48</u>	<u>79 122 83</u>	<u>5 292 64</u>	<u>2 620 267 95</u>
Total fund equity	<u>2 585 979 77</u>	<u>79 122 83</u>	<u>5 292 64</u>	<u>2 670 395 24</u>
Total Liabilities and Fund Equity	<u>3 720 334 79</u>	<u>79 122 83</u>	<u>5 292 64</u>	<u>3 804 750 26</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	2 670 395 24
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 710 058 36
Accumulated depreciation	(606 587 82)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Note payable	<u>(457 212 76)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>3 316 653 02</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	<u>General</u>	<u>Garbage</u>	<u>Other Street Lighting</u>	<u>Total</u>
Revenues:				
Property taxes	432 765 01	-	-	432 765 01
Licenses and permits	189 348 65	-	-	189 348 65
Federal grant	3 117 00	-	-	3 117 00
State revenue sharing	570 610 58	-	-	570 610 58
Charges for services	40 752 20	-	-	40 752 20
Special assessments	667 062 40	307 843 20	24 016 38	998 921 98
Interest	121 145 36	973 79	80 22	122 199 37
Miscellaneous	<u>33 603 51</u>	<u>-</u>	<u>-</u>	<u>33 603 51</u>
Total revenues	<u>2 058 404 71</u>	<u>308 816 99</u>	<u>24 096 60</u>	<u>2 391 318 30</u>
Expenditures:				
Legislative:				
Township Board	118 445 66	-	-	118 445 66
General government:				
Supervisor	4 476 60	-	-	4 476 60
Clerk	28 089 08	-	-	28 089 08
Treasurer	20 784 79	-	-	20 784 79
Township hall and grounds	41 428 69	-	-	41 428 69
Elections	13 609 00	-	-	13 609 00
Audit	5 500 00	-	-	5 500 00
Property tax administration	134 287 79	-	-	134 287 79
Public safety:				
Police protection	945 756 14	-	-	945 756 14
Fire protection	184 631 12	-	-	184 631 12
Building department	76 315 94	-	-	76 315 94
Planning Commission	16 646 22	-	-	16 646 22
Board of Appeals	2 949 01	-	-	2 949 01
Public works:				
Drains	12 750 75	-	-	12 750 75
Street lighting	13 021 74	-	23 224 58	36 246 32
Road maintenance	164 559 21	-	-	164 559 21
Sanitation	-	297 498 04	-	297 498 04
Culture and recreation:				
Library	4 672 10	-	-	4 672 10
Parks and recreation	2 663 82	-	-	2 663 82
Senior Citizens Authority	10 050 22	-	-	10 050 22
Capital outlay	55 913 36	-	-	55 913 36
Debt service	<u>56 027 00</u>	<u>-</u>	<u>-</u>	<u>56 027 00</u>
Total expenditures	<u>1 912 578 24</u>	<u>297 498 04</u>	<u>23 224 58</u>	<u>2 233 300 86</u>
Excess (deficiency) of revenues over expenditures	145 826 47	11 318 95	872 02	158 017 44
Fund balances, July 1	<u>2 440 153 30</u>	<u>67 803 88</u>	<u>4 420 62</u>	<u>2 512 377 80</u>
Fund Balances, June 30	<u>2 585 979 77</u>	<u>79 122 83</u>	<u>5 292 64</u>	<u>2 670 395 24</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 158 017 44

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(81 717 63)
Capital Outlay	55 913 36

Repayment of debt principal is an expenditure in the governmental funds, the repayment
does not have an effect in the statement of activities but does reduce the debt balance
in the statement of net assets.

Principal payments on long-term debt	<u>30 401 24</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>162 614 41</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS
June 30, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash in bank	1 600 426 58	-	1 600 426 58
Investments	548 799 41	-	548 799 41
Accounts receivable	70 325 79	-	70 325 79
Tap in contracts receivable	34 636 00	28 562 41	63 198 41
Due from other funds	-	873 495 25	873 495 25
Total current assets	<u>2 254 187 78</u>	<u>902 057 66</u>	<u>3 156 245 44</u>
Non-current assets:			
Tap in contracts receivable	233 100 00	-	233 100 00
Total non-current assets	<u>233 100 00</u>	<u>-</u>	<u>233 100 00</u>
Capital assets:			
Sewer and water lines	4 552 353 12	1 260 648 61	5 813 001 73
Equipment	1 000 00	744 00	1 744 00
Total fixed assets	4 553 353 12	1 261 392 61	5 814 745 73
Less: accumulated depreciation	(1 096 520 12)	(139 521 25)	(1 236 041 37)
Net capital assets	<u>3 456 833 00</u>	<u>1 121 871 36</u>	<u>4 578 704 36</u>
Total Assets	<u>5 944 120 78</u>	<u>2 023 929 02</u>	<u>7 968 049 80</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	61 575 81	22 783 98	84 359 79
Due to other funds	876 404 01	-	876 404 01
Current portion of long-term debt	-	25 000 00	25 000 00
Total current liabilities	<u>937 979 82</u>	<u>47 783 98</u>	<u>985 763 80</u>
Long-term Liabilities:			
Bonds payable net of current portion	-	200 000 00	200 000 00
Total long-term liabilities	<u>-</u>	<u>200 000 00</u>	<u>200 000 00</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	3 456 833 00	896 871 36	4 353 704 36
Unrestricted	1 549 307 96	879 273 68	2 428 581 64
Total net assets	<u>5 006 140 96</u>	<u>1 776 145 04</u>	<u>6 782 286 00</u>
Total Liabilities and Net Assets	<u>5 944 120 78</u>	<u>2 023 929 02</u>	<u>7 968 049 80</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS – BUSINESS-TYPE FUNDS
Year ended June 30, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	<u>499 738 59</u>	<u>258 415 58</u>	<u>758 154 17</u>
Total Operating Revenues	<u>499 738 59</u>	<u>258 415 58</u>	<u>758 154 17</u>
OPERATING EXPENSES:			
Wages	47 031 68	31 293 10	78 324 78
Fringe benefits	19 908 52	13 683 03	33 591 55
Water purchased	-	204 801 04	204 801 04
Sewage treatment	339 295 37	-	339 295 37
Sewer maintenance	91 205 98	-	91 205 98
Supplies	2 352 42	100 00	2 452 42
Professional services	2 342 00	950 00	3 292 00
Repairs and maintenance	<u>-</u>	<u>5 040 00</u>	<u>5 040 00</u>
Total Operating Expenses	<u>502 135 97</u>	<u>255 867 17</u>	<u>758 003 14</u>
Operating Income (loss) before depreciation	(2 397 38)	2 548 41	151 03
Less: depreciation	<u>(45 983 37)</u>	<u>(12 733 82)</u>	<u>(58 717 19)</u>
Operating income (loss)	<u>(48 380 75)</u>	<u>(10 185 41)</u>	<u>(58 566 16)</u>
NON-OPERATING REVENUES (EXPENSES):			
Tap in fees	317 600 00	5 700 00	323 300 00
Interest income	56 591 75	28 036 45	84 628 20
Interest expense	<u>-</u>	<u>(14 187 50)</u>	<u>(14 187 50)</u>
Total Non-operating Revenues (Expenses)	<u>374 191 75</u>	<u>19 548 95</u>	<u>393 740 70</u>
Change in net assets	325 811 00	9 363 54	335 174 54
Net assets, beginning of year	<u>4 680 329 96</u>	<u>1 766 781 50</u>	<u>6 447 111 46</u>
Net Assets, End of Year	<u><u>5 006 140 96</u></u>	<u><u>1 766 145 04</u></u>	<u><u>6 782 286 00</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS
Year ended June 30, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	497 679 83	258 415 58	756 095 41
Cash payments to suppliers for goods and services	(436 810 17)	(223 259 70)	(660 069 87)
Cash payments to employees for services	<u>(47 031 68)</u>	<u>(31 293 10)</u>	<u>(78 324 78)</u>
Net cash provided (used) by operating activities	<u>13 837 98</u>	<u>3 862 78</u>	<u>17 700 76</u>
Cash flows from noncapital and related financing activities:			
(Increase) decrease in amounts due from other funds	<u>28 602 15</u>	<u>(24 379 70)</u>	<u>4 222 45</u>
Net cash provided (used) for noncapital and related financing activities	<u>28 602 15</u>	<u>(24 379 70)</u>	<u>4 222 45</u>
Cash flows from capital and related financing activities:			
Tap in fees collected	58 551 00	31 667 97	90 218 97
Principal paid on bond maturities	-	(25 000 00)	(25 000 00)
Interest paid on bonds	<u>-</u>	<u>(14 187 50)</u>	<u>(14 187 50)</u>
Net cash provided (used) for capital and related financing activities	<u>58 551 00</u>	<u>(7 519 53)</u>	<u>51 031 47</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	<u>56 591 75</u>	<u>28 036 45</u>	<u>84 628 20</u>
Net cash provided (used) by operating Activities	<u>56 591 75</u>	<u>28 036 45</u>	<u>84 628 20</u>
Net increase (decrease) in cash	157 582 88	-	157 582 88
Cash and investments beginning of year	<u>1 991 643 11</u>	<u>-</u>	<u>1 991 643 11</u>
Cash and Investments End of Year	<u><u>2 149 225 99</u></u>	<u><u>-</u></u>	<u><u>2 149 225 99</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Income (loss) from operations	(48 380 75)	(10 185 41)	(58 566 16)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	45 983 37	12 733 82	58 717 19
(Increase) decrease in receivables	(2 058 76)	-	(2 058 76)
Increase (decrease) in payable	<u>18 294 12</u>	<u>1 314 37</u>	<u>19 608 49</u>
Net Cash Provided (Used) in Operating Activities	<u><u>13 837 98</u></u>	<u><u>3 862 78</u></u>	<u><u>17 700 76</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS
June 30, 2008

	<u>Trust</u>		<u>Agency</u>		
	<u>Retirement Health Care</u>	<u>Pension Trust</u>	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>					
Cash in bank	75 536 61	2 447 74	-	-	77 984 35
Investments	-	183 699 02	23 753 87	-	207 452 89
Due from other funds	3 912 21	-	-	-	3 912 21
Total Assets	<u>79 448 82</u>	<u>186 146 76</u>	<u>23 753 87</u>	<u>-</u>	<u>289 349 45</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Accounts payable	-	1 571 91	-	-	1 571 91
Due to other funds	-	-	23 753 87	-	23 753 87
Total liabilities	<u>-</u>	<u>1 571 91</u>	<u>23 753 87</u>	<u>-</u>	<u>25 325 78</u>
Net Assets:					
Reserved in trust					
Undesignated	79 448 82	184 574 85	-	-	264 023 67
Total net assets	<u>79 448 82</u>	<u>184 574 85</u>	<u>-</u>	<u>-</u>	<u>264 023 67</u>
Total Liabilities and Net Assets	<u>79 448 82</u>	<u>186 146 76</u>	<u>23 753 87</u>	<u>-</u>	<u>289 349 45</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS--
ALL TRUST FUNDS
Year ended June 30, 2008

	<u>Retirement Health Care</u>	<u>Pension Trust</u>	<u>Total</u>
Operating revenues:			
Contributions	<u>37 949 37</u>	<u>17 542 92</u>	<u>55 492 29</u>
Total operating revenues	<u>37 949 37</u>	<u>17 542 92</u>	<u>55 492 29</u>
Less operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>37 949 37</u>	<u>17 542 92</u>	<u>55 492 29</u>
Non-operating revenues and (expenses):			
Distributions	<u>-</u>	<u>-</u>	<u>-</u>
Gain (loss) on investment	<u>2 913 85</u>	<u>10 795 87</u>	<u>13 709 72</u>
Total non-operating revenues and (expenses)	<u>2 913 85</u>	<u>10 795 87</u>	<u>13 709 72</u>
Net income (loss)	<u>40 863 22</u>	<u>28 338 79</u>	<u>69 202 01</u>
Net assets, July 1	<u>38 585 60</u>	<u>156 236 06</u>	<u>194 821 66</u>
Net Assets, June 30	<u><u>79 448 82</u></u>	<u><u>184 574 85</u></u>	<u><u>264 023 67</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Richfield, Genesee County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Richfield. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering good in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Pension Trust fund accounts for the activities utilized to pay retirement benefits for the Township's retirees, excluding police officers and AFSCME union employees who participate in a MERS pension plan. The fund accumulates resources for pension benefits financed by both employer and employee contributions.

Retirement Health Care Trust fund accounts for the accumulation of resources to be used for future payment of retiree health care expenditures.

Agency funds account for assets held by the Township as an agent for individuals, private organizations, and other governments.

Pension Trust fund, Retirement Health Care Trust fund, and Agency funds are reported as fiduciary funds.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax roll. The Township 2007 tax roll millage rate was 1.3571 mills, and the taxable value was \$245,606,990.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	39 years
Furniture and equipment	3-10 years

Compensated Absences

For police officers, unused vacation days are allowed to be carried forward, (maximum of five days) if scheduling conflicts arise, and used in subsequent year. (AFSCME employees are not allowed to carry over vacation days.) Accumulated vacation pay at June 30, 2008, is nominal and, therefore, has not been recorded in the financial statements of the Township.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>3 247 020 65</u>

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 3 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	200 003 00
Uninsured and Uncollateralized	<u>3 044 269 73</u>
Total Deposits	<u>3 244 272 43</u>

The Township of Richfield had the following investments at June 30, 2008:

Nonrisk-categorized financial institution pooled funds	<u>1 769 354 76</u>
Total	<u>1 769 354 76</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds are the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
<u>Governmental Activities:</u>				
Land	234 421 00	-	-	234 421 00
Buildings and Improvements	1 164 657 00	-	-	1 164 657 00
Equipment	297 264 00	55 913 36	(42 197 00)	310 980 36
Total	1 696 342 00	55 913 36	(42 197 00)	1 710 058 36
Accumulated Depreciation	(567 067 19)	(81 717 63)	42 197 00	(606 587 82)
Net Governmental Capital Assets	1 129 274 81	(25 804 27)	-	1 103 470 54
<u>Business-Type Activities:</u>				
Water and Sewer Systems	5 814 745 73	-	-	5 814 745 73
Accumulated Depreciation	(1 177 324 18)	(58 717 19)	-	(1 236 041 37)
Net Business-Type Capital Assets	4 637 421 55	(58 717 19)	-	4 578 704 36

Note 5 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 7/1/07	Additions	Deductions	Balance 6/30/08
Note payable – General Fund	487 614 00	-	30 401 24	457 212 76
Water revenue bonds – 1995	250 000 00	-	25 000 00	225 000 00
Totals	737 614 00	-	55 401 24	682 212 76

Note 6 – Note Payable – General Fund

The Township has a note payable to Davison State Bank. The note payable requires monthly payments in the amount of \$5,103.00, including interest at the rate of 4.82% per annum. The balance is payable on October 20, 2012. As of June 30, 2008, the principal balance outstanding on the note was \$457,212.76.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 7 – Water Supply System Revenue Bonds – Series 1995

During 1995, the Township had issued Water Supply System Revenue Bonds in the amount of \$440,000.00 for the purpose of paying part of the cost of constructing additions and improvements to the water supply system of the Township of Richfield. The bonds bear interest at the rate of 6.0% per annum, payable semi-annually on May 1 and November 1 of each year. Bonds outstanding as of June 30, 2008, were \$225,000.00 and they are recorded in the Water Fund as follows:

<u>Due November 1</u>	<u>Principal Amount</u>
2008	25 000 00
2009	30 000 00
2010	30 000 00
2011	30 000 00
2012	35 000 00
2013	35 000 00
2014	<u>40 000 00</u>
Total	<u><u>225 000 00</u></u>

Note 8 – Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Current Tax Collection	\$ 23 753 87
General	Sewer	876 404 01
Water	General	873 495 25
Garbage	General	79 122 83
Retirement Health Care	General	3 912 21
Street lighting	General	<u>5 292 64</u>
		<u><u>\$ 1 861 980 81</u></u>

Note 9 – Joint Venture

In January 1972, the Township of Richfield entered into a joint venture with the City of Davison and Davison Township to create the Davison Richfield Area Fire Authority (Fire Authority). The purpose of the Fire Authority is to provide uniform and orderly control of fire protection, fire department practices and organizations, and financing within the territorial limits of the three municipalities. The Fire Authority is governed by a seven-member board appointed by the governing bodies of the City and Townships. The agreement calls for each municipality to pay a charge for each fire run to a point within its jurisdictional boundary.

During the fiscal year ended June 30, 2008, the Township paid \$184,275.88 to the Fire Authority.

The Township of Richfield is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Audited financial statements are available for public inspection at Authority headquarters.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 10 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 11– Segment Information for Enterprise Funds

The Township maintains two Enterprise Funds which provide sewer and water services. Segment information for the year ended June 30, 2008, is as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating revenues	499 738 59	258 415 58
Depreciation expense	45 983 37	12 733 82
Operating income (loss)	(48 380 75)	(10 185 41)
Change in net assets	325 811 00	9 363 54
Property, plant and equipment:		
Additions	-	-
Net working capital	1 316 207 96	854 273 68
Bonds and contracts payable	-	225 000 00
Total net assets	5 006 140 96	1 776 145 04

Note 12– Retirement Plans and Other Post-Employment Benefits

Significant details regarding the Township's various retirement plans and other post-employment benefits are presented below.

The Township has three pension plans, one for police officers, one for all AFSCME union employees, and one for all other employees. Benefit provisions and contribution obligations have been established by the Township Board. The Township has adopted the Governmental Accounting Standards Board Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 27, "Accounting for Pensions by State and Local Governmental Employers."

a. Group Pension Trust

The Township provides pension benefits for all of its full-time employees and trustees (other than police and AFSCME union employees) through the Township's Group Pension Plan. The Township's group pension plan is a defined contribution plan whereby benefits received upon termination or retirement depends solely on amounts contributed to the plan plus investment earnings.

The contribution to the plan is computed on a class earnings schedule as detailed below:

<u>Classification</u>	<u>Total Contribution</u>	<u>Employer Portion</u>	<u>Employee Portion</u>
Supervisor, Clerk, Treasurer	12% of wages	12% of wages	\$0
Trustees	20.4% of wages	20.4% of wages	\$0
Current assessor	11.75% of wages	10.5% of wages	1.25% of wages

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 12– Retirement Plans and Other Post-Employment Benefits (continued)

a. Group Pension Trust (continued)

Employees also have the option to have additional amounts withheld from their pay to bring their employee pension contribution up to the maximum amount of 10% of their annual earnings.

Total employer and employee contributions for all employee groups under the group pension plan were \$16,974.44 and \$568.48, respectively.

b. Police Officers' Pension Plan:

(1) Plan description:

During the year ended March 31, 1996, the Township elected to participate in the Municipal Employees Retirement System of Michigan (MERS) which is an agent multiple-employer public employee retirement system (PERS) for their police officers. The Township does not have fiduciary responsibility for the plan.

Membership in the plan at December 31, 2007 is comprised of 9 active members, 1 vested former member, and 1 retiree.

Police officers who retire at or after age 50, and have 25 years of credited service are entitled to a retirement benefit. Straight life pension for policemen is calculated as follows: credited service at time of termination multiplied by 2.5% of the member's final average compensation (3 year average), up to a maximum of 80% of final average compensation. The retirement allowance is reduced ½ of 1% for each complete month that retirement precedes normal retirement age.

The plan provides that the employer/police employees contribute amounts necessary to fund the actuarially determined benefits. Police employees are required to deposit 11.78% of all monetary compensation. The Township makes the employer contributions in accordance with funding requirements determined by MERS' actuary which required an employer contribution of 12% for the year ended June 30, 2008. Employee deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service without a retirement allowance or other benefit payable on their account, he/she may withdraw his/her accumulated deposits together with interest. MERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917.

(2) Funding Policy:

MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 12– Retirement Plans and Other Post-Employment Benefits (continued)

(3) Police Officers' pension plan actuarial assumptions and annual pension cost:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2007
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent
Remaining amortization period	16 years
Asset valuation method	10 year smoothed market

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increases	4.5% - 12.90%
Includes inflation at	4.5%
Cost-of-living adjustments	2.5%

For the year ended June 30, 2008, the Township's annual pension cost of \$53,381.56 for the police officer's pension plan was equal to the Township's required and actual contributions. Employee contributions to the plan were \$52,404.84.

(4) Analysis of Funding Progress Police Officers' Pension Plan

**Police Officers' Pension Plan
Schedule of Funding Progress**

Plan Year End	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Attained Age (AAL)(b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
6/30/08	12/31/07	\$1,220,163	\$2,215,490	\$995,327	55.1%	\$444,864	223.7%
6/30/07	12/31/06	1,085,604	1,971,769	886,165	55.1	456,455	194.1
6/30/06	12/31/05	935,616	1,813,677	878,061	51.6	445,555	197.1

**Police Officers' Pension Plan
Schedules of Employer Contributions**

Plan Year End	Actuarial Valuation Date	Annual Required Contribution (ARC)	Percent Contributed
6/30/08	12/31/07	\$53,382	100.0%
6/30/07	12/31/06	51,602	100.0
6/30/06	12/31/05	45,612	100.0

**Police Officers' Pension Plan
Three Year Trend Information**

Plan Year End	Actuarial Valuation Date	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (NPO)
6/30/08	12/31/07	\$53,382	100.0%	\$0
6/30/07	12/31/06	51,602	100.0	0
6/30/06	12/31/05	45,612	100.0	0

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 12– Retirement Plans and Other Post-Employment Benefits (continued)

c. AFSCME Union Employees Pension Plan

(1) Plan description:

During the year ended June 30, 2005, the Township elected to participate in the Municipal Employees Retirement System of Michigan (MERS) which is an agent multiple-employer public employee retirement system (PERS) for their AFSCME Union employees. The Township does not have fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917.

Membership in the plan at December 31, 2007 is comprised of 5 active members. There are no inactive vested members, retirants, or beneficiaries.

AFSCME Union employees who retire at or after age 55, with 25 or more years of credited service, or those members with 25 years credited service, regardless of their age, are entitled to a retirement benefit. Straight life pension is calculated as follows: credited service at time of termination multiplied by 2.5% of the member's final average compensation (5 year average), up to a maximum of 80% of the final average compensation. The retirement allowance is reduced $\frac{1}{2}$ of 1% for each complete month that retirement precedes normal retirement age.

The plan provides that the employer/AFSCME Union employees contribute amounts necessary to fund the actuarially determined benefits. AFSCME Union employees are required to deposit 3.61% of all monetary compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary which required an employer contribution of 10.5% for the year ended June 30, 2008. Employee deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service without a retirement allowance or other benefit payable on their account, he/she may withdraw his/her accumulated deposits together with interest.

(2) Funding policy:

MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole.

(3) AFSCME employees' pension plan actuarial assumptions and annual pension cost:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2007
Actuarial cost method	Entry age normal cost period
Amortization method	Level percent
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market.

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increases	4.5%-12.90%
Includes inflation at	4.5%
Cost-of-living adjustments	None

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 12— Retirement Plans and Other Post-Employment Benefits (continued)

c. AFSCME Union Employees Pension Plan (continued)

For the year ended June 30, 2008, the Township's annual pension cost of \$18,749.28 for the AFSCME Union employees' plan was equal to the Township's required and actual contributions. Employee contributions to the plan were 6,446.20.

(4) Analysis of Funding Progress AFSCME Union Employees' Pension Plan

**AFSCME Union Employees' Pension Plan
Schedule of Funding Progress**

Plan Year End	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Attained Age (AAL)(b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
6/30/08	12/31/07	\$201,302	\$326,815	\$125,513	61.6%	\$177,353	70.8%
6/30/07	12/31/06	163,705	264,996	101,291	62.0	158,688	63.8
6/30/06	12/31/05	130,052	232,392	102,340	56.0	152,226	67.2

**AFSCME Union Employees' Pension Plan
Schedules of Employer Contributions**

Plan Year End	Actuarial Valuation Date	Annual Required Contribution (ARC)	Percent Contributed
6/30/08	12/31/07	\$18,749	100.0%
6/30/07	12/31/06	17,724	100.0
6/30/06	12/31/05	16,528	100.0

**AFSCME Union Employees' Pension Plan
Three Year Trend Information**

Plan Year End	Actuarial Valuation Date	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (NPO)
6/30/08	12/31/07	\$18,749	100.0%	\$0
6/30/07	12/31/06	17,724	100.0	0
6/30/06	12/31/05	16,528	100.0	0

d. Post-employment benefits other than pension

The Township provides health care benefits to certain employees after they retire. Collective bargaining unit agreements provide that health, medical, and life insurance benefits will be provided to eligible retirees if similar benefits are not available to the retiree. All employees covered under a bargaining unit, age 55 or older with the specified years of continuous service are eligible.

The cost of the benefits is paid entirely by the Township as the costs are incurred. During the year, one retiree was eligible to receive these benefits. For the year, \$26,666.66 was expended in the General Fund to provide these benefits.

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 13— Building Permits

The State Construction Code Act Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, requires that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operations of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund. The rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter. The activity related to construction code activities for the year ended June 30, 2008 is as follows:

Shortfall at July 1, 2007		(28 490 00)
Current year building permit revenue		20 307 50
Total building department expenses	76 315 94	
Less: Ordinance violation costs	(6 975 00)	
Net expenses		<u>(69 340 94)</u>
Excess expenses over revenue		<u>(49 033 44)</u>
Cumulative shortfall at June 30, 2008		<u><u>(77 523 44)</u></u>

Note 14— Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2010. Management is currently assessing the impact of this new accounting standard on the Township's financial statement for future reporting periods.

Note 15 — Budget Variances

For the fiscal year ended June 30, 2008, the Township had the following budget variances:

	<u>Final Budget</u>	<u>Actual Expenditure</u>	<u>Budget Variance</u>
General Fund:			
Township hall and grounds	37 875 00	41 428 69	3 553 69
Elections	8 164 75	13 609 00	5 444 25
Fire protection	153 263 60	184 631 12	31 367 52
Building department	74 811 06	76 315 94	1 504 88
Road maintenance	151 500 00	164 559 21	13 059 21

Note 16 — Restatement

Total net assets of governmental activities was restated as of June 30, 2007, to delete road infrastructure that was previously capitalized.

Governmental Activities Total <u>Net Assets</u>	
3 319 492 75	originally reported — June 30, 2007
<u>(165 454 14)</u>	delete road infrastructure
<u>3 154 038 61</u>	restated — June 30, 2007

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	410 563 25	410 563 25	432 765 01	22 201 76
Licenses and permits	155 725 00	155 725 00	189 348 65	33 623 65
Federal grant	-	-	3 117 00	3 117 00
State revenue sharing	535 750 00	535 750 00	570 610 58	34 860 58
Charges for services	56 500 00	56 500 00	40 752 20	(15 747 80)
Special assessments	660 000 00	660 000 00	667 062 40	7 062 40
Interest	75 000 00	75 000 00	121 145 36	46 145 36
Miscellaneous	<u>29 050 00</u>	<u>29 050 00</u>	<u>33 603 51</u>	<u>4 553 51</u>
Total revenues	<u>1 922 588 25</u>	<u>1 922 588 25</u>	<u>2 058 404 71</u>	<u>135 816 46</u>
Expenditures:				
Legislative:				
Township Board	123 188 21	123 188 21	118 445 66	(4 742 55)
General government:				
Supervisor	5 690 99	5 690 99	4 476 60	(1 214 39)
Clerk	29 222 98	29 222 98	28 089 08	(1 133 90)
Treasurer	22 840 27	22 840 27	20 784 79	(2 055 48)
Township hall and grounds	37 875 00	37 875 00	41 428 69	3 553 69
Elections	8 164 75	8 164 75	13 609 00	5 444 25
Audit	5 500 00	5 500 00	5 500 00	-
Property tax administration	139 708 12	139 708 12	134 287 79	(5 420 33)
Public safety:				
Police protection	971 764 70	971 764 70	945 756 14	(26 008 56)
Fire protection	153 263 60	153 263 60	184 631 12	31 367 52
Building department	74 811 06	74 811 06	76 315 94	1 504 88
Planning Commission	23 486 54	23 486 54	16 646 22	(6 840 32)
Board of Appeals	3 259 50	3 259 50	2 949 01	(310 49)
Public works:				
Drains	46 450 00	46 450 00	12 750 75	(33 699 25)
Street lighting	13 500 00	13 500 00	13 021 74	(478 26)
Road maintenance	151 500 00	151 500 00	164 559 21	13 059 21
Culture and recreation:				
Library	7 430 60	7 430 60	4 672 10	(2 758 50)
Parks and recreation	6 900 00	6 900 00	2 663 82	(4 236 18)
Senior Citizens Authority	10 147 10	10 147 10	10 050 22	(96 88)
Capital outlay	74 750 00	74 750 00	55 913 36	(18 836 64)
Debt service	<u>60 600 00</u>	<u>60 600 00</u>	<u>56 027 00</u>	<u>(4 573 00)</u>
Total expenditures	<u>1 970 053 42</u>	<u>1 970 053 42</u>	<u>1 912 578 24</u>	<u>(57 475 18)</u>
Excess (deficiency) of revenues over expenditures	(47 465 17)	(47 465 17)	145 826 47	193 291 64
Fund balance, July 1	<u>1 908 959 42</u>	<u>1 908 959 42</u>	<u>2 440 153 30</u>	<u>531 193 88</u>
Fund Balance, June 30	<u>1 861 494 25</u>	<u>1 861 494 25</u>	<u>2 585 979 77</u>	<u>724 485 52</u>

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

BUDGETARY COMPARISON SCHEDULE – GARBAGE FUND
Year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Special assessments	305 000 00	305 000 00	307 843 20	2 843 20
Interest	450 00	450 00	973 79	523 79
Total revenues	<u>305 450 00</u>	<u>305 450 00</u>	<u>308 816 99</u>	<u>3 366 99</u>
Expenditures:				
Public works:				
Sanitation	<u>306 000 00</u>	<u>306 000 00</u>	<u>297 498 04</u>	<u>(8 501 96)</u>
Total expenditures	<u>306 000 00</u>	<u>306 000 00</u>	<u>297 498 04</u>	<u>(8 501 96)</u>
Excess (deficiency) of revenues over expenditures	(550 00)	(550 00)	11 318 95	11 868 95
Fund balance, July 1	<u>38 972 98</u>	<u>38 972 98</u>	<u>67 803 88</u>	<u>28 830 90</u>
Fund Balance, June 30	<u><u>38 422 98</u></u>	<u><u>38 422 98</u></u>	<u><u>79 122 83</u></u>	<u><u>40 699 85</u></u>

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GENERAL FUND REVENUES BY DETAILED ACCOUNT
Year ended June 30, 2008

Property taxes:	
General operating millage	216 953 11
Fire millage	116 250 77
Administration fees	85 406 65
Trailer park fees	2 337 00
Other assessments	11 817 48
	<u>432 765 01</u>
Licenses and permits:	
Building permits	20 307 50
Cable franchise fees	100 588 21
Impact fee	64 569 94
Contractor licenses	450 00
Board of Appeals	800 00
Planning Commission	2 633 00
	<u>189 348 65</u>
Federal grant – CDBG	<u>3 117 00</u>
State revenue sharing:	
Revenue sharing	561 677 00
Metro	6 722 58
Liquor license fees	2 211 00
	<u>570 610 58</u>
Charges for services:	
District Court fees	31 583 20
Vehicle impound	2 875 00
Police reports	2 294 00
Land revisions	1 000 00
D.A.R.E.	3 000 00
	<u>40 752 20</u>
Special assessments – police	<u>667 062 40</u>
Interest	<u>121 145 36</u>
Miscellaneous:	
Sale of fixed assets	10 312 00
Refunds	3 752 10
Drug forfeiture	3 816 70
Other	15 722 71
	<u>33 603 51</u>
Total Revenues	<u><u>2 058 404 71</u></u>

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2008

Township Board:	
Salary – Bookkeeper	15 493 07
Salary – Supervisor	3 975 96
Salary – Clerk	5 578 56
Salary – Trustees	10 637 76
Salary – Employees	6 280 89
Overtime	128 28
Meeting fees	245 00
Social security	3 370 11
Insurance benefits	12 320 88
Pension	7 099 68
Office supplies and postage	5 766 63
Telephone	772 09
Utilities	2 713 90
Professional fees	12 465 00
Membership dues	5 049 82
Mileage	358 52
Notices and printing	2 492 56
Insurance and bonds	17 762 00
Equipment and maintenance	4 572 33
Auto expense	341 59
Miscellaneous	2 00
Conference and workshops	1 019 03
	<hr/>
	118 445 66
Supervisor:	
Salary – Supervisor	3 975 96
Social security	299 76
Pension	110 88
Mileage	90 00
	<hr/>
	4 476 60
Clerk:	
Salary – Clerk	19 524 72
Insurance benefits	3 770 68
Social security	1 493 51
Pension	2 342 88
Office supplies and postage	232 10
Membership dues	40 00
Mileage	5 40
Equipment maintenance	216 80
Conference and workshops	88 00
Operating supplies	374 99
	<hr/>
	28 089 08
Treasurer:	
Salary – Treasurer	11 997 12
Salary – Deputy Treasurer	460 00
Insurance benefits	4 844 42
Social security	952 84
Pension	1 439 64
Office supplies and postage	296 18
Membership dues	35 00
Mileage	538 50
Notices and printing	94 80
Conference and workshops	126 29
	<hr/>
	20 784 79

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2008

Township hall and grounds:	
Janitorial fees	5 220 00
Janitorial supplies	740 20
Operating supplies	193 40
Insurance and bonds	4 410 00
Utilities	4 523 26
Snow and grass removal	5 700 00
Building repairs	3 778 80
Building remodeling	16 344 03
Miscellaneous	519 00
	<hr/> 41 428 69
Elections:	
Deputy clerk	1 597 50
Election fees	9 224 01
Social security	122 21
Office supplies and postage	988 41
Mileage	111 90
Equipment maintenance	992 28
Miscellaneous	136 49
Training	436 20
	<hr/> 13 609 00
Audit:	
Professional fees – audit	<hr/> 5 500 00
Property tax administration:	
Salary – Employees	14 949 71
Salary – Supervisor	6 506 04
Salary – Treasurer	7 541 04
Salary – Deputy Treasurer	3 695 00
Board of Review fees	1 580 00
Assessor salary	44 002 56
Overtime	3 623 07
Pension	10 864 77
Insurance benefits	6 245 57
Social security	6 357 88
Office supplies and postage	1 382 77
Tax bill – assessment notices	6 301 08
Parcel maintenance	3 211 50
Telephone	4 614 07
Professional fees	11 650 41
Equipment maintenance	1 168 32
Miscellaneous	26 00
Membership dues	85 00
Conference and workshops	281 50
County charges	201 50
	<hr/> 134 287 79
Police protection:	
Salary – Employees	293 101 01
Salary – Dispatcher	71 130 24
Salary – Part-time Employees	5 999 57
Shift premiums	139 174 18
Overtime	3 803 65
FANG	9 464 00

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2008

Police protection: (continued)	
Employee insurance	126 837 89
Pension	81 944 53
Court appearances	4 547 01
Office supplies and postage	2 795 52
Janitorial	5 232 46
Operating supplies	15 731 62
Telephone	3 245 27
Utilities	9 046 47
Uniform expense	5 833 73
Auto supplies	1 793 17
Lien machine	3 582 21
Attorney – professional fees	34 729 81
Membership dues	295 00
Auto repair	4 485 91
Gasoline and oil	29 423 95
Insurance and bonds	25 623 00
Janitorial supplies	757 79
Equipment maintenance	5 711 67
D.A.R.E.	4 875 76
Drug forfeiture	159 30
Miscellaneous	1 642 36
Training	4 404 39
Conference and workshops	1 825 89
	<hr/> 945 756 14
Fire protection:	
Meeting fees	330 00
Social security	25 24
Fire runs	184 275 88
	<hr/> 184 631 12
Building department:	
Salary – Supervisor	4 698 84
Salary – Treasurer	1 371 24
Salary – Clerk	1 743 24
Salary – Trustee	708 96
Salary – Employees	25 678 40
Insurance benefits	2 456 19
Social security	2 646 11
Pension	3 391 33
Building inspector fees	18 479 88
Ordinance violations	6 975 00
Office supplies and postage	193 75
Telephone	1 247 59
Utilities	1 809 31
Professional fees	2 972 00
Membership dues	300 00
Mileage	1 394 10
Conference and workshops	250 00
	<hr/> 76 315 94

TOWNSHIP OF RICHFIELD
Genesee County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2008

Planning Commission:	
Salary – Supervisor Salary – Employees	4 518 24
Fees – zoning admin	3 520 08
Insurance benefits	181 45
Pension	605 68
Social security	743 25
Planning Commission fees	1 480 00
Notices and printing	156 00
Professional fees	840 00
Membership dues	987 00
	<u>16 646 22</u>
Board of Appeals:	
Salary – Employee	1 506 11
Pension	163 55
Insurance benefits	60 67
Social security	189 38
Board of Appeal fees	915 00
Notices and printing	114 30
	<u>2 949 01</u>
Drains:	
Drains at large	6 075 00
Implementation fee	6 675 75
	<u>12 750 75</u>
Street lighting:	
Street lighting usage	<u>13 021 74</u>
Road maintenance:	
Chloride	23 942 91
Road maintenance	104 859 46
Road construction	35 756 84
	<u>164 559 21</u>
Library:	
Library meeting fees	350 00
Social security	26 78
Flag – cemetery expense	438 23
Committee expense	3 857 09
	<u>4 672 10</u>
Parks and recreation:	
General maintenance	176 13
Utilities	2 487 69
	<u>2 663 82</u>
Senior Citizens Authority:	
Annual contribution	8 640 00
Social security	100 22
Meeting fees	1 310 00
	<u>10 050 22</u>
Capital outlay	<u>55 913 36</u>
Debt service	<u>56 027 00</u>
Total Expenditures	<u>1 912 578 24</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 15, 2008

To the Township Board
Township of Richfield
Genesee County, Michigan

We have audited the financial statements of the Township of Richfield for the year ended June 30, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Richfield in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Richfield
Genesee County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were given to the Township Clerk/Treasurer and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants